



Board of Directors President

SAN DIEGO COUNTRY ESTATES ASSOCIATION

Jeffrey Wells

When I ran for my seat on the SDCEA board, I stated that, from my point of view, there was only one reason for raising rates or fees in our HOA: **necessity**. A perusal of the 2025 budget, available on our portal to all homeowners, shows that most fees and rates will increase in 2025, including your monthly HOA dues.

Another pledge I made to myself, as well as those who supported me, and then again in our first few meetings, was that I would spend as much time as necessary digging into and learning about how the Association functions. I immediately dove in and have spent a great deal of time with Association employees, managers, and our GM. I have also had the responsible parties take me on tours of their individual operations. I have remained very close to our major expenditures and have worked to satisfy myself as to each one's viability and importance to our operation. I also pledged to bring our one severely ailing amenity—the Equestrian operation with both of its centers—to the level of the rest of our operation so that it may enjoy the same level of use and support and be the same source of pride for homeowners as, for example, our golf course does and is. I was also quite determined to discover how and upon what we spend our time and efforts. My weekly check signings, which I perform onsite in the administrative offices, have been very eye-opening and have given me tremendous insight into and respect for our operation. Our financial team and the GM run a relatively tight fiscal ship and are always fully prepared to answer questions about our expenses as well as the historical and current reasons for each. I have found nearly no fat in the operation.

When attempting to balance a budget, one must choose between two strategies: raising rates and cutting costs. In a restaurant, for example, one may react to an expense increase like minimum wage hikes by increasing the price of menu items, cutting the quality and expense of food items, restricting employee hours and expecting employees to do more in their time onsite, or combinations of such choices.

Had our amenities all seen stagnant or flagging use by homeowners, my strategy would be firmly in the cost-cutting camp. However, this is not the case as our amenities, with the exception of the Equestrian amenity, are all seeing increased usage. And even though the memberships at the golf club are flat, we have attracted a lot more tournament and event activity. Our kitchen, which previously served an average of 200 meals a day over a 5-day workweek, now serves an average of 500. We have waiting lists for our recreational programs, and usage is up in our non-fee amenities, such as our pools and pickleball/tennis courts. Much of this has led to increased income, which has resulted in golf, including the course and the Golf Shop, and our Food and Beverage, Lodge, and Catering Departments reaching break-even or even profitable status. This tells me that homeowners are responding positively to the changes wrought by our increased focus on these areas of our operation. My strategy is, therefore, one of **support** and **growth**.

Our GM has done a fine job highlighting the financial details that led to the Budget Development Committee's unanimous decision to increase these fees and rates. Without rehashing the details, I will state that I paid very close attention to the individual directors' and managers' presentations in the budgeting process and the details in their submissions to the Committee. It was clear that our GM had demanded solid justification for any and every expense. There is little to no fat in the requested budget for 2025, and the expenditures for capital improvements and reserve spending are well justified. Some departments, such as our catering team, have asked for nothing new in their budgets, making do with what they already have. The fee and dues increases, as highlighted by our GM in his October 25th Valley News letter, are the result of significantly increased operating costs as well as the capital and reserve expenditures necessary to maintain our successful amenities and elevate our Equestrian amenity to their level. I am completely satisfied that these directors, managers, and their GM have and are doing the right thing for our HOA. **They could use your support.**

Sincerely,

Jeffrey M. Wells
SDCEA Board President